

In the matter of United States v Kwok, et al 23 CR 118 (SDNY) with respect to 41(g)  
Customer Action for the return of their Himalaya Exchange Funds

**mazars**

Independent forensic review of Mazars LLP

## Appendix 1.1: Summary of our meetings with personnel of the service company of the Exchange

1.1.1 In this Appendix, we set out further details of:

- (a) our visits to the premises of the service company of the Exchange on 14 and 15 December 2023<sup>1</sup>; and
- (b) two calls held with personnel of the service company of the Exchange and representatives of CANDEY on 13 and 20 December 2023.

### Call with the Exchange and CANDEY on 13 December 2023

1.1.2 Mazars, CANDEY and the Exchange held a planning call on 13 December 2023 from 11:00am to 12:00pm GMT to discuss the objectives of the in-person visits over the subsequent days. The planning call consisted of the following:

- (a) deciding who (name, role and team) from Mazars, CANDEY and the Exchange would be present at the in-person visits;
- (b) confirming the location, timing and accessibility of the in-person visits; and
- (c) confirming how we would address our instructions (which were separately provided by CANDEY).

### In-person visit to the Exchange and CANDEY on 14 December 2023

1.1.3 Mazars attended the premises of the service company of the Exchange on 14 December 2023 with representatives of CANDEY (the “**first visit**”).

1.1.4 Upon arrival, an initial meeting with CANDEY and the Exchange was held to discuss the plan for the day. Individuals from Mazars, CANDEY and the Exchange then split into two groups:

- (a) the first group (which included a member from Mazars and CANDEY) accompanied personnel of the service company of the Exchange to perform the following:

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<sup>1</sup> We have been instructed not to disclose the address of the service company of the Exchange for the purposes of this report

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- (i) conduct a live and independent review of the HEX Customer Database in order to confirm and document the processes and procedures in place relating to customer onboarding at the Exchange (Instruction 1);
- (ii) verify the existence of “know your client” (“KYC”) onboarding information and the financial data contained in the Customer Action Schedule against the live data on the HEX Customer Database for our sample (part of Instruction 3); and
- (iii) carry out the two illustrative customer onboarding tests (“Instruction 4”); and

(b) the second group (which included a member from Mazars and CANDEY) accompanied by personnel of the service company of the Exchange verified that each of the Relevant Customers has an Exchange account on the HEX Customer Database (“Instruction 2”).

1.1.5 By the end of the first visit, we had completed the testing for Instructions 1 and 4. Whilst we had commenced our work on Instructions 2 and 3, these were not complete at that stage. Mazars, CANDEY and the Exchange therefore agreed to have another in-person visit at the Exchange the following day.

**In-person visit to the Exchange and CANDEY on 15 December 2023**

1.1.6 Mazars attended the premises of the service company of the Exchange on 15 December 2023 with representatives of CANDEY (the “**second visit**”).

1.1.7 Upon arrival, an initial meeting with CANDEY and the Exchange was held to discuss the plan for the day. Individuals from Mazars, CANDEY and the Exchange then split into two groups:

- (a) the first group (which included a representative from Mazars and CANDEY) accompanied personnel of the service company of the Exchange to:
  - (i) continue to verify the existence of “know your client” (“KYC”) onboarding information and the financial data contained in the Customer Action Schedule against the live data on the HEX Customer Database for our sample (part of Instruction 3); and
  - (ii) verify the redemptions made by the Affected Customers (according to the Customer Action Schedule) to the bank statements of the Exchange for this sample (part of Instruction 3); and

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(b) the second group (which included a representative from Mazars and CANDEY) accompanied personnel of the service company of the Exchange to continue verifying that each of the Relevant Customers has an Exchange account on the HEX Customer Database (Instruction 2).

1.1.8 By the end of the second visit, we had completed all in-person testing for our four instructions.

**[Call with the Exchange and CANDEY on 20 December 2023](#)**

1.1.9 Mazars, CANDEY and the Exchange held a call on 20 December 2023 from 3:00pm to 5:00pm GMT to discuss and confirm the following:

- (a) the reconciling items relating to the timing differences between the HCN and HDO balances (i) on the Customer Action Schedule; and (ii) on the HEX Customer Database (as described in paragraph 6.3.7 of the report); and
- (b) for the instances where the name of the individual of our sample was in Chinese characters on the HEX Customer Database, we sought to confirm the ID document number of the underlying verification document to the ID document number listed in the customer's profile on the HEX Customer Database (as described in paragraph 6.3.3 of the report).

This included personnel of the service company of the Exchange sharing their screens (at our and CANDEY's direction) in order for us to verify these items.